



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 05-31, Pennsylvania Cities Income Tax Withholding

Date: August 19, 2005

To: Holders of TAXES (State of Pennsylvania only)  
Personnel User Groups  
T&A Contact Points in Pennsylvania

The Secretary of the Treasury has entered into an agreement with Tinicum, Pennsylvania, to withhold a mandatory city income tax from all Federal employee's incomes when their duty station is Tinicum, Pennsylvania. Beginning with wages paid for Pay Period 16, the National Finance Center (NFC) will begin the mandatory withholding of city income tax from employees whose duty station is located in Tinicum, Pennsylvania. The city income tax withholding rate for residents and nonresidents is 1 percent.

Also, beginning with wages for Pay Period 16, NFC will make the following changes to the withholding of city income tax for the following cities in Pennsylvania:

- The city of Camp Hill, Pennsylvania, will increase the tax rate for residents from 1.00 percent to 2.00 percent.
- The city of Carlisle, Pennsylvania, will increase the tax rate for residents from 1.00 percent to 1.60 percent.
- The city of Hanover Township, Pennsylvania, will decrease the tax rate for nonresidents from 1.00 percent to .00 percent.
- The city of Horsham, Pennsylvania, will increase the tax rate for residents from .50 percent to 1.00 percent and for nonresidents from .50 percent to 1.00 percent.
- The city of Kelly Township, Pennsylvania, will increase the tax rate for residents from 1.00 percent to 2.00 percent.
- The city of Lancaster, Pennsylvania, will increase the tax rate for residents from 1.00 percent to 1.10 percent and decrease the tax rate for nonresidents from .50 percent to .00 percent.
- The city of Pittsburgh, Pennsylvania, will increase the tax rate for residents from 1.00 percent to 1.50 percent.
- The city of Plains Township, Pennsylvania, will increase the tax rate for residents from .50 percent to 1.00 percent and for nonresidents from .50 percent to 1.00 percent.
- The city of Reading, Pennsylvania, will increase the tax rate for residents from 1.00 percent to 1.70 percent and decrease the tax rate for nonresidents from 1.00 percent to .50 percent.

- The city of Scranton, Pennsylvania, will increase the tax rate for residents from 2.50 percent to 3.40 percent.
- The city of South Lebanon, Pennsylvania, will decrease the tax rate for nonresidents from 1.00 percent to .00 percent.
- The city of Susquehanna, Pennsylvania, will decrease the tax rate for residents from 1.00 percent to .00 percent and for nonresidents from 1.00 percent to .00 percent.
- The city of Wilkes-Barre, Pennsylvania, will increase the tax rate for residents from 2.35 percent to 2.85 percent.
- The city of York, Pennsylvania, will decrease the tax rate for nonresidents from 1.00 percent to .00 percent.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630** . Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at [customer.support@usda.gov](mailto:customer.support@usda.gov).



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# Pennsylvania Cities Income Tax Information

## Withholding Formula ►(Effective Pay Period 16, 2005)◄

1. Subtract the nontaxable biweekly Federal Employees Health Benefits (FEHB) payment from the gross biweekly wages.  
**Note:** The biweekly FEHB payment is *taxable* income for the city of Philadelphia; therefore, do *not* subtract the biweekly FEHB payment when computing Philadelphia city income tax.
2. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
3. Apply the annual wages to the following guideline to determine the annual Pennsylvania city income tax withholdings.

### Compute the City Income Tax Withholding For:

### By Multiplying the Gross Annual Wages By:

	State/City Codes	Resident Percentage	Nonresident Percentage	City Tax Status (Duty Station = DS; Resident = R)
Bethlehem	42/0660	1.0000	1.0000	DS, R
Bradford ( <i>voluntary</i> )	42/0840	1.0000	1.0000	
Caln	42/1044	1.0000	1.0000	DS, R
Camp Hill ( <i>voluntary</i> )	42/1060	►2.0000◄	1.0000	
Carlisle	42/1100	►1.6000◄	1.0000	DS, R
Erie	42/2640	1.1500	1.1500	DS, R
Fairview Township	42/2769	1.0000	1.0000	DS, R
Greene Township	42/3343	1.0000	1.0000	DS, R
Gregg Township	42/3396	1.0000	1.0000	DS, R
Hanover Township	42/3470	1.0000	►0.0000◄	DS, R
Harrisburg	42/3500	1.0000	1.0000	DS, R
Horsham	42/3740	►1.0000	1.0000◄	DS, R
Kelly Township	42/4053	►2.0000◄	1.0000	DS, R
Lancaster	42/4180	►1.1000	0.0000◄	DS, R
Philadelphia	42/6540	4.3310	3.8197	DS, R
Pittsburgh	42/6600	►1.5000◄	1.0000	DS, R
Plains Township	42/6615	►1.0000	1.0000◄	DS, R
Reading	42/6900	►1.7000	0.5000◄	DS, R
Scranton	42/7460	►3.4000◄	1.0000	DS, R
South Lebanon	42/7894	1.0000	►0.0000◄	DS, R
Susquehanna	42/8280	►0.0000	0.0000◄	DS, R
►Tinicum	42/8445	1.0000	1.0000	DS◄
Warminster Township	42/8845	1.0000	1.0000	DS, R
Wilkes-Barre	42/9340	►2.8500◄	1.0000	DS, R
York	42/9610	1.0000	►0.0000◄	DS, R

**Note:** City tax is mandatory unless otherwise indicated.

4. Divide the annual Pennsylvania city income tax withholding by 26 to obtain the biweekly Pennsylvania city income tax withholding.